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SENATE

{ REPORT
No. 694 }

TO READJUST POSTAL RATES

AUGUST 21 (legislative day, AUGUST 1), 1951.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany S. 1046]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1046), to readjust postal rates, having considered the same, report favorably thereon with an amendment, and recommend that the bill, as amended, do pass.

AMENDMENT

The committee amendment strikes out all after the enacting clause of the bill, as introduced, and inserts in lieu thereof a substitute, which appears in the reported bill in *italic type*.

GENERAL STATEMENT

As the committee considers the present situation in the postal service, three things stand out: (a) The imperative need of more revenue; (b) the restoration of the service to its former status; (c) a joint study by both Houses of Congress of the entire postal picture.

Under the reported bill, a realistic approach is made to the matter of making a substantial increase in postal revenue without undue hardship to any person, organization, or business. In addition to the readjustment of postage rates, which the committee feels warranted and needed, the committee amendment seeks to find a solution to the remaining needs.

During hearings on this bill, and in connection with other legislation and hearings thereon, pleas were made by witnesses for a restoration of the postal service to the status existing prior to the issuance of the Postmaster General's curtailment order of April 17, 1950. This committee, at the last session of the Congress, reported out a

bill to restore such service but no action was taken thereon prior to adjournment. This bill was reintroduced early in this session (S. 190) and referred to this committee. Section 12 of the committee amendment incorporates the language of S. 190. The effect of this section, if enacted, would be to rescind this curtailment order and restore the service to its prior status.

In testifying before the committee on S. 1046, the Postmaster General stated that the cost of the restoration of service called for under section 12 would, with the contemplated salary increases, be between 100 and 120 million dollars, depending on what salary increase is granted to postal employees. However, the committee feels that the need for the restoration of the postal service to its former status far outweighs this cost and calls attention to the fact that the reported bill is approximately \$209,626,501 larger than the bill as introduced. Of course, it is recognized that before this increased revenue can be applied to restoration of the postal service sufficient funds must be appropriated to defray the cost of an adequate service since only appropriated money can be used by the Post Office Department.

For some time there has been a feeling that there should be a thorough investigation of various aspects of the postal service by a commission or a joint committee of the Congress. To this end the committee has incorporated into the committee amendment, as section 13, the provisions of Senate Joint Resolution 60, which was introduced by eight members of this committee, and which was carefully studied and favorably reported by an appropriate subcommittee.

In the introduction of Senate Joint Resolution 60, its sponsor, Senator Carlson, of Kansas, who was joined by seven other members of this committee including the chairman, made the following statement on the Senate floor:

Mr. President, the Post Office and Civil Service Committee is holding hearings on proposed postal rates and other postal policy questions, and these hearings will, no doubt, continue for several weeks. Some questions raised during current hearings on postal rate legislation involve spelling out whether the Post Office Department is a service or a business. An impartial study should reveal what definite proportion of the post-office service rendered to each class of mail and to each major division of each class should be considered as a service that should be paid for out of Government funds and not be included in the rates charged for postage. It seems to me we need more data on what proportion of the cost of rural free delivery and the cost of operation of thousands of small post offices should be considered as a justified service of the National Government to the people who live in rural areas. Congress needs the information that would be obtained by this study, in order to evaluate every phase of our postal service.

Section 13 of the committee amendment establishes a joint committee of the Congress to be known as the Joint Committee on the Postal Service, to be composed of three members of the Senate Committee on Post Office and Civil Service and three members of the House Committee on Post Office and Civil Service. It will be the duty of the joint committee to conduct a thorough study and investigation of the methods and means whereby the postal system can be developed and improved, the relationship between its strictly business aspect and that of public service, costs of operation, postal rates, cost ascertainment, and the exclusion from the Post Office budget of strictly nonpostal items, and such other matters that relate to the improvement of the postal service as the joint committee deems advisable. The joint committee is directed to report its recommendations from time to

time and submit a final report not later than January 15, 1953. Upon the filing of this final report the joint committee shall be terminated. If it should be found that the work under consideration cannot be completed by that time and in the opinion of Congress to disband the joint committee at the beginning of the Eighty-third Congress would not be advisable, the Congress, through appropriate legislation, can extend the life of the joint committee.

The committee wishes to emphasize that since a readjustment of postal rates is long past due, the readjustments provided in this bill should not be held up pending the report of the joint committee but such adjustments should be made effective as soon as possible.

The bill which this report accompanies is designed to increase the present revenues of the Post Office Department \$373,360,501 the first year with additional increases in third-class mail the second year and added revenue from second-class mail users in second and third years so that at the end of the third year the increased revenues over the present, without regard to increased volume, will be \$397,610,058. This is more clearly set forth in tables appearing in each section of this report and in the analysis at the end.

On February 27, 1951, the President of the United States sent the following message to both Houses of Congress calling attention to the large postal deficit in the Post Office Department and urging the enactment of legislation to relieve, at least in part, this undesirable situation.

This was followed on February 28, 1951, by a letter from the Postmaster General to the Vice President which appears immediately after the President's letter. The Postmaster General attached to his letter a suggested draft of a bill which was introduced as S. 1046. A similar letter and suggested bill (H. R. 2982) was sent to the Speaker of the House. His letter carries an estimate of additional revenue that would be raised by this legislation in the amount of \$163,734,000.

OFFICE OF THE POSTMASTER GENERAL,
Washington 25, D. C., February 28, 1951.

THE VICE PRESIDENT, UNITED STATES SENATE,

DEAR MR. VICE PRESIDENT: The President, in transmitting his recommendations to the Congress on January 15, 1951, for the budget of the United States Government for the fiscal year ending June 30, 1952, and in his recent special message, called attention to the large postal deficits amounting to more than one-half billion dollars annually and repeated his many previous recommendations for postal-rate legislation in order to bring postal revenues in line with present operation costs, which have increased by nearly 60 percent since 1945 due to postal employee pay raises and transportation rate increases without adequate increases in postage rates during the same period.

The President referred to the many steps taken by the Post Office Department to reduce the cost of postal operations and pointed out that the total potential savings from such measures to effect economy and improve efficiency are relatively small in relation to the present size of the postal deficit, which he stated would be unsound at any time but is especially untimely in a period when the Federal budget must sustain extremely heavy defense expenditures. He therefore strongly urged the enactment of such rate legislation as will reduce the deficit to an amount representing the cost of handling Government penalty and franked mail and other costs not properly chargeable to the general users of the postal service.

Although a partial revision of postage rates and fees was authorized by the act of Congress approved July 3, 1948, effective January 1, 1949, the additional revenue resulting therefrom was more than offset by the increases in postal employees' pay provided by the same act. In view of this and the fact that the recurring enormous annual deficits create an unsound financial condition, the

Department submitted to the Congress on February 21, 1949, schedules and recommendations for further postal rate revision estimated to raise approximately \$253,000,000. These were embodied in bills H. R. 2945 and S. 1103 and extended hearings thereon were held in 1949 and 1950 by the Post Office and Civil Service Committees of the House and Senate. H. R. 2945 was amended to produce about \$130,000,000 revenue a year and was passed by the House of Representatives on February 9, 1950. The Senate Post Office Committee recalled its bill, S. 1103, and took up H. R. 2945 instead but after holding hearings on the latter in April, May, and June, 1950, failed to report the bill and consequently no postal-rate legislation was enacted by the Eighty-first Congress.

The only action taken by the last Congress with respect to postal rate revision was to include in the act making supplemental appropriations for the fiscal year ending June 30, 1951, Public Law 843, approved September 27, 1950, a provision prohibiting the Postmaster General from withdrawing from the Treasury any of the funds appropriated to the Post Office Department from the general fund of the Treasury until he shall certify in writing that he has requested the consent of the Interstate Commerce Commission to the establishment of such rate increases or other reformatations pursuant to the provisions of section 207 of the act of February 28, 1925, as amended (39 U. S. C. 247), as may be necessary to insure the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service. In compliance with this directive of the Congress the consent of the Interstate Commerce Commission was requested on October 13, 1950, to the establishment of rate increases on fourth-class (parcel post) mail designed to produce \$105,000,000 on an annual basis and assure the receipt of revenue from such service sufficient to pay its cost. Hearings on the Department's request were begun by the Commission on December 5 and concluded on January 26, 1951. All parties interested in the proceeding have been given until March 26, 1951, to submit briefs covering the matter.

If the Interstate Commerce Commission consents to the fourth-class rate increases as requested, the postal revenues will still fall far short of covering the constantly rising cost of operating the postal service. In fact the deficit, estimated at \$521,374,000 for the fiscal year 1952, will exceed \$416,000,000 after realizing the \$105,000,000 additional revenue anticipated from the proposed rate increases on fourth-class mail. A deficit of this size is a matter of grave concern, particularly at this time of emergency when the deficit must be met by the withdrawal from the Treasury of funds raised by general taxation and urgently needed for defense purposes. This is especially discriminatory and objectionable because it places upon the taxpayer expenses which should be borne by those users of the mail services who for many years have been enjoying great privileges in the form of low, subsidized rates and other benefits. Among the groups profiting from the continuation of these privileges are the publishers of the more than 24,000 newspapers and other periodical publications constituting mail matter of the second class carried free of postage or at nominal rates; the many business concerns using the penny postal card or private mailing card for purely commercial or advertising purposes, more than 4 billion such cards being so used annually, and finally, the mailers of circulars, catalogs, and other printed advertising matter embraced in third-class mail of which around 10 billion pieces are mailed each year. These three groups of mailers are responsible for approximately \$418,000,000 of the annual deficit.

In view of all the circumstances it is highly important and most urgently essential that prompt action be taken by the Congress to correct the inequitable, unsound financial situation confronting the postal service through no fault of its own but which is due to failure to increase the postal rates along with rising costs of operating the service as the result of legislation and other unavoidable causes. This can be accomplished only by a substantial, realistic upward revision of postage rates and fees for the special services, and I am therefore strongly urging such action. It is not contemplated that the postal rates shall be increased to such extent that the deficit will be eliminated entirely as it is believed that the costs of handling Government penalty mail, congressional franked and other free mail, as well as air-mail subsidies and other nonpostal items should not be borne by the paying users of the several classes of mail and special services. Furthermore, it would not be feasible to increase the rates sufficiently to wipe out the deficit.

In accordance with the foregoing and pursuant to the recommendations of the President, I am submitting herewith a draft for legislation embodying a comprehensive schedule of rates and fees designed to raise approximately \$163,734,000 additional revenue. Under authority of existing law it is my purpose, in connection with the legislation herein proposed, to increase the charges for furnishing certain notices to the senders or addresses of mail of the second, third, and fourth

classes, which is undeliverable as addressed, and also to increase the charge for furnishing certificates of mailing. Such increases should raise the revenue from the services affected by approximately \$2,586,000, making a total of \$166,320,000 additional revenue anticipated under the proposed legislation and departmental action. A summary of these items and the sources from which the additional revenue is anticipated follows:

Estimated revenue increase from proposed rates

By proposed legislation:

Class of mail or service:

First-class mail:

Postal and post cards.....	\$46,740,000
Drop letters.....	1,375,000

Second-class mail:

Publishers' pound rate, 1st year.....	120,000,000
Transient.....	789,000

Third-class mail.....

65,857,000

Special services:

Registered mail (paid).....	10,583,000
Insured mail.....	809,000
C. o. d. mail.....	7,461,000
Special-delivery mail.....	10,120,000

Total by legislation	163,734,000
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By departmental action:

Notices to publishers.....	722,000
Notices of change of address, Form 3547.....	1,109,000
Certificate of mailing.....	755,000

Total by departmental action.....	2,586,000
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Combined total.....	166,320,000
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¹ 2 additional increases of \$10,000,000 each to be made over a period of 2 years, making a total of \$40,000,000 over a 3-year period.

I respectfully but most earnestly urge that prompt action be taken toward the enactment of the legislation herein recommended. I shall of course be pleased to furnish the Congress or its committees such additional details or other information as may be desired or helpful in considering this matter.

Sincerely yours,

J. M. DONALDSON,
Postmaster General.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

To the Congress of the United States:

For the last several years, the United States postal service has been incurring very large deficits. The rapidly rising costs of delivering the mail have been substantially larger than the postage revenues received. The deficits have had to be made up by general tax revenues—or, to put it bluntly, the general taxpayer has been giving large subsidies to certain users of the postal system.

In the fiscal year 1952, the postal revenues are expected to be about \$1,840,000,000. Postal expenditures, at present cost levels, are expected to be about \$2,361,000,000, leaving a deficit of about \$521,000,000. This deficit may be larger if the Interstate Commerce Commission and the Civil Aeronautics Board raise transportation rates for carrying mail, as they have been requested to do by the railroads and airlines, or if other cost increases occur.

A postal deficit of more than one-half billion dollars is obviously unsound, especially at a time when every effort must be made to reduce the size of the Federal budget. The taxpayers of this country are faced with an unavoidably large burden in financing our defense program. It is unreasonable and unfair that they should also have to pay for postal costs which should be borne by those who receive the direct benefits of postal service.

At present, all major types of postal service, except first-class mail, are operated at a loss. Losses are especially heavy for second-class mail (newspapers and magazines) and third-class mail (mainly circulars and advertising matter). Together, these two classes of mail account for over \$300,000,000 of the anticipated deficit.

The large deficits being incurred in postal operations result primarily from postwar cost increases. The largest part of postal expenses is accounted for by the salaries of postal workers and the costs of transporting mail. These personnel and transportation costs are about 96 percent of all postal expenses.

During the past 5 years these costs have risen sharply. The salary increases for postal employees enacted in 1945, 1948, and 1949 have added approximately \$800,000,000 to annual costs. The cost of transporting mail by rail and by air has risen since July 1, 1945, by about \$175,000,000 on an annual basis. Including increased rentals and equipment and supply costs, the annual cost of operating the postal system is now more than \$1,000,000,000 higher than it was in 1945—more than a 100-percent increase in 5 years.

These increased costs obviously could not have been avoided. Postal employees should receive fair salaries. The railroads and airlines are entitled to fair compensation for carrying the mail.

To some extent, the effect of higher salary and transportation rates has been offset by increased output per man-hour worked. Since the end of World War II, the productivity of postal employees per man-hour has increased by more than 10 percent—which compares favorably with the record of private industry over the same period.

The Post Office is constantly working to improve the efficiency of postal operations. The Post Office Department has been considerably reorganized. Simplified accounting methods are being instituted. A stream-lined money-order system will shortly be established. Some services have been cut down or eliminated. Research on new and better methods for sorting and handling mail is going forward all the time.

But the plain fact is that no possible increase in efficiency could absorb the extremely large cost increases that have taken place. In spite of the increase in productivity per man-hour since 1945, the average cost of each postal transaction has increased by nearly 60 percent. During the same period, the average revenue from each transaction has increased by only 5½ percent.

Under these circumstances, it is clearly necessary to increase postal rates in order to reduce the postal deficit.

Accordingly, I recommend, as I have recommended a number of times over the past several years, that the Congress increase postal rates sufficiently to wipe out the bulk of the present postal deficit, which should not be borne by the general taxpayer.

The deficit should not be eliminated completely. Some postal costs are incurred to carry mail sent on official business by the legislative, executive, and judicial branches of Government. The airline subsidies—the amounts paid to the airlines over and above the cost of carrying air mail—are also charged to the Post Office. These, and a few other special expenses, amounting in all to about \$160,000,000, are incurred for general purposes of the Federal Government, and it is only reasonable that we should pay for them as we pay for other Federal expenditures, through Federal taxes.

The bulk of the deficit, however—estimated in fiscal year 1952 at \$361,000,000—is incurred in the course of providing postal service to users other than the Federal Government. There is no good reason for taxing our people to pay these costs. Postal rates should be raised enough to cover them.

Increasing postal rates presents many complex problems of detail, since our system of postal rates has been built rather haphazardly over the years. In the light of current conditions, it contains many deeply ingrained inequities and special privileges. The committees of Congress who are responsible for determining most postal rates will, of course, want to consider carefully the specific rates for each class of mail and type of service. The Postmaster General is prepared to present a number of suggestions for raising postal rates to more reasonable levels. I wish to emphasize here a few of the major considerations which seem to me important in raising rates.

1. First-class mail (ordinary letters and cards) in total more than pays its way at the present time. Postal and post cards, however, do not. Consequently, the only major change in first-class-mail rates I believe to be warranted at this time is in the rate of such cards. These cards were authorized by the Congress in 1872 at a rate of 1 cent each. The same low rate prevails today. This year more than 4,000,000,000 postal cards will be handled through the mails—over 90

percent of them used for commercial and advertising purposes. The cost of handling each card is 2.8 cents, while the revenue is 1 cent. I believe this rate should be raised to 2 cents, which would bring in, on the present volume, about \$47,000,000 of additional revenue.

2. Major changes are needed in postal rates for second-class mail (newspapers and magazines). In the fiscal year 1952, more than 6,000,000,000 individually addressed newspapers and magazines are expected to be carried, at a cost of about \$242,000,000. But the postage paid will be only about \$42,000,000. Thus the newspaper and magazine publishers will have \$200,000,000—or 80 percent—of their postal costs paid for them by the general public.

Newspapers and magazines are now carried for 1½ cents a pound, without regard to distance, for the reading matter they contain, and a graduated rate for the advertising matter in them, rising from 1½ cents a pound, for distances up to 150 miles, to 7 cents a pound, for distances over 1,800 miles. These rates were intentionally set low, when they were established, in order to encourage the spread of information and education among our citizens. This is still a desirable objective, but clearly does not warrant a subsidy as extreme as that which now exists.

For example, the popular, digest-type magazines, which carry no advertising, are sent by mail throughout the country at the rate of 1½ cents per pound. Since, on the average, three copies of this type of magazine weigh 1 pound, the postage works out to about one-half cent per copy transported anywhere in the United States. (It costs more to handle a copy of such a magazine than it does to handle an ordinary letter, for which a person pays 3 cents—six times as much postage.) It seems ridiculous for the taxpayers to be paying postage bills for magazines like these, which can well afford to pay their own way. Increasing the postage on such magazines obviously would not detract measurably from the purpose of spreading information and education among our citizens.

The large-circulation magazines which carry many pages of advertising pay a somewhat higher rate of postage, but one which is still only a small fraction of what it costs the postal service to handle these magazines. This means that, in plain fact, under present postal rates, the general taxpayers are generously subsidizing the advertisers, who are able to send their advertising into the homes of our people at less than cost. There seems to me no excuse whatever for the general taxpayers to subsidize advertisers. Surely advertising was not part of the public information and education which the Congress intended to subsidize 70 years ago when it established second-class mail.

These excessive subsidies for newspapers and magazines are not only wrong, they are seriously inequitable. Books, which are surely as important as newspapers and magazines in disseminating information, and mail-order catalogs, which carry advertising generally similar to that in newspapers and magazines, are classified as fourth-class mail. Under the recommended rates, there will be little, if any, subsidy in carrying these publications—a startling discrimination in comparison to the situation on second-class mail.

Newspaper and magazine publishers have substantially increased their subscription and advertising rates in recent years—in many cases doubling or tripling these rates. Second-class-postage rates, on the other hand, are close to the average level of 1879, when this class of mail was first established. Publishers who charge prices geared to present-day costs cannot reasonably expect to pay postage at rate levels 70 years old.

For these reasons I believe it is imperative now to increase second-class-mail rates. If these rates are doubled—which is the least that should be done—this would bring in only about \$40,000,000, and the general taxpayers would still be subsidizing second-class mail to the extent of more than 60 percent of its postal costs.

As a matter of long-term policy, second-class mail should be brought gradually toward self-sufficiency in postal revenues. The immediate recommendations for rate increases which the Postmaster General will make should be regarded as only the first step. Further changes should include adjustments in the basic structure, as well as in the level, of second-class rates. Accordingly, I am asking the Postmaster General to review the second-class-rate structure thoroughly, looking toward later consideration by the Congress.

3. More than 10,000,000,000 pieces of third-class mail (mostly circulars and advertising matter) are anticipated in fiscal year 1952. The costs of carrying this mail are now estimated to be about \$271,000,000. Third-class postal revenues, however, are expected to be about \$148,000,000, leaving an estimated deficit of about \$123,000,000.

The circulars and advertising matter which make up most of third-class mail are usually mailed in bulk at 1 cent for each piece. It costs nearly as much, of course, to handle a piece of this mail as it does to handle a first-class letter which has a 3-cent rate. I believe the minimum rate should be increased from 1 to 2 cents, which would increase revenue by about \$66,000,000, and cut the deficit on this class of mail by more than half.

4. The postal rates on fourth-class mail (parcel post) can be changed either by action of the Congress, or by action of the Interstate Commerce Commission approving changes proposed by the Postmaster General. Last year the Congress instructed the Postmaster General to seek the consent of the Commission for rate increases sufficient to make this class of mail pay its way. This he has done, and increases are now being considered by the Commission which would bring in an additional \$105,000,000 in revenue, more than enough to cover the fourth-class deficit.

5. In addition to carrying the four classes of mail, the Post Office provides certain special services. The major services for which fees are charged—registry, insurance, c. o. d. mail, and special delivery—are being operated at a loss, estimated at about \$29,000,000 in fiscal year 1952.

I believe that the fees for these services should be increased by enough to eliminate the deficit in this portion of the postal operation. Furthermore, I believe the Postmaster General should be given authority to revise these fees from time to time in order to keep them in line with costs. Such authority was included in a bill passed by the House of Representatives last year.

These various suggestions, together with certain less important changes, will, if enacted by the Congress, wipe out the bulk of the postal deficit. Some deficit will remain, above the amount that is properly chargeable to the general taxpayers. The amount of this remaining deficit is not certain now, in view of the possibility of higher transportation rates and other cost increases. Consequently, I am not now recommending all the rate increases that should be enacted to put the Post Office on a self-sufficient basis. However, as soon as the outlook on future costs is more clear, the Postmaster General will submit to the Congress such further recommendations for rate increases as may then be necessary to reduce the deficit to a proper level.

I strongly urge the Congress to correct the present unsound condition of the postal revenues. This is a time of emergency, when we must raise taxes on everyone to meet the heavy costs of stronger military defenses. Now, more than ever, it is wrong to ask the taxpayer to bear costs which should be borne by users of the mail service—users many of whom have enjoyed large special privileges in the form of low, subsidized postal rates.

The Federal budget I submitted to the Congress in January was based on the assumption that the postal deficit would be reduced from over \$500,000,000 to about \$160,000,000—the amount which is properly chargeable to the general taxpayer. My tax recommendations were likewise based on this assumption. To the extent that postal rates are not raised enough to meet that objective, even higher taxes will be needed to balance the budget.

HARRY S. TRUMAN.

THE WHITE HOUSE, February 27, 1951.

Hearings were held on this proposed legislation beginning March 20, 1951. The committee has carefully considered all of the testimony introduced during these hearings and other evidence bearing on the subject, and the bill, as reported, reflects the views of the committee on this matter.

SUMMARY OF RATE REVISIONS

Section 1. First class mail

Letters and sealed parcels.—The committee amendment increases the rates on the first ounce of letters and sealed parcels in first class mail from 3 to 4 cents. The amendment also increases the rate on drop letters (letters mailed at a post office having no village or city delivery and which are not delivered on a rural or star route) from 1 to 2 cents.

Postals and post cards.—The reported bill follows the recommendation of the Postmaster General as to the increase from 1 to 2 cents for Government postals and private post cards.

Domestic air mail.—Because of the established policy of aid to the airlines over and above compensation for carrying of mail by air, it is difficult to ascertain the exact cost of such service above revenue derived. If such subsidies are to be continued, after a very careful investigation by the Congress, there should be a complete separation of such payments from those made by the Post Office Department for handling the present large volume of air mail. Independent of this consideration, the committee felt that if there is an adjustment of rates on postals and post cards and the first ounce of other first-class mail, there should be a comparable adjustment in rates applicable to air-mail letters and air-mail postals. The committee amendment increases the rate on the first ounce of air-mail letters from 6 to 8 cents and the postage on air postals and post cards from 4 to 5 cents.

Summary of revenues and expenditures, first-class mail and domestic air mail, fiscal year 1950, with estimated revenue increase under S. 1046

	Total number of pieces	Total revenues	Total expenditures	Excess revenue (a) or expenditures (b)
First-class mail.....	24,500,071,868	\$741,151,364	\$660,728,030	\$80,423,334 (a)
Air mail, including parcel post.....	853,182,700	74,120,038	109,621,905	35,501,867 (b)

FIRST-CLASS MAIL BY SUBCLASSES

	Number of pieces ¹	Revenue ¹	Expenditures	1950 excess of revenue (a) or expenditures (b)
Letters and parcels ²	20,086,384,968	\$694,966,492	\$542,937,747	\$154,076,748 (a)
Postal and post cards.....	4,413,686,900	44,136,869	117,790,283	73,653,414 (b)
Business reply mail fees.....	-----	2,048,003	-----	-----
Net excess of revenues.....	-----	-----	-----	80,423,334 (a)

DOMESTIC AIR MAIL BY SUBCLASSES

	Number of pieces ¹	Revenue ¹	Expenditures	1950 excess of expenditures
Letters, etc., up to 8 ounces.....	833,792,635	\$60,543,852	-----	-----
Postal and post cards.....	9,303,525	372,141	\$81,887,293	\$20,848,023
Business reply mail fees.....	-----	123,277	-----	-----
Air parcel post.....	10,086,540	13,080,768	27,734,612	14,653,844
Total excess of expenditures.....	-----	-----	-----	35,501,867

¹ Includes number of business reply letters and cards. Pieces, expenditures, and revenue at regular rates for business reply mail included in totals; revenue for such mail shown separately includes only extra charge of 1 cent per piece over regular rates.

² The estimated revenue from parcels of first-class mail is approximately \$92,000,000 annually.

Estimated amount of additional revenue at increased rates prescribed in S. 1046

	Pieces	Additional revenue	Excess of revenue (a) or expenditures (b)
First-class mail:			
Letters and parcels	20, 086, 384, 968	¹ \$200, 863, 848	\$354, 940, 598 (a)
Postal and post cards	4, 413, 686, 900	44, 136, 869	29, 516, 545 (b)
Subtotal		245, 000, 717	325, 424, 053 (a)
Air mail:			
Letters, etc., up to 8 oz.	833, 792, 635	16, 675, 852	} 18, 732, 979 (b)
Postal and post cards	9, 303, 525	93, 035	
Air parcel post	10, 086, 540		
Subtotal		16, 768, 887	18, 732, 979 (b)
Combined net amount of additional revenue, first class and airmail under S. 1046			306, 691, 074

¹ Includes \$1,375,000 additional revenue on drop letters at non-letter-carrier offices.

It will be seen from the foregoing tables that the net excess of revenue over expenditures for all first-class mail during the fiscal year 1950 was \$80,423,334 and that by increasing the postage 1 cent per piece on this class of mail the estimated revenue therefrom will exceed the expenditures by \$325,424,053.

The tables also show that while increasing the postage 2 cents per piece on domestic air-mail letters, etc., weighing not more than 8 ounces and 1 cent each on air-mail postal and post cards will produce \$16,768,888 additional revenue, the expenditures for the domestic air mail, including air parcel post, will still exceed the revenue by \$18,732,979.

It is estimated that the combined revenues from all first-class mail and domestic air mail under S. 1046, as amended, will exceed the expenditures apportioned thereto by \$306,691,074 a year. These estimates are based on the 1950 volume of mail and costs of handling. This is \$261,179,205 more than the amount of additional postage which it is estimated would be raised at the rates for these items provided in S. 1046 as originally introduced.

Section 2. Second-class mail

Second-class mail comprises newspapers, magazines, and other periodicals, most of which are mailed in bulk by the publishers at pound rates and almost all of which are sent to paid subscribers. It is in this division of the mail where the gap is widest between revenue and cost of handling. According to the Post Office Department cost ascertainment for the fiscal year 1950 the total expenditures for handling second-class mail was \$237,677,263 with revenue of \$45,003,555, leaving an excess of apportioned expenditures over revenues of \$192,673,708. The volume of mail in second class has increased considerably in recent years until it is presently 19.26 percent of the total weight of all mail and 15.45 percent of the pieces (in fiscal year 1950 there were 6,162,849,787 pieces of second-class mail). However, users of second-class mail contributed only about 2.45 percent of the postal revenue. The committee feels that the increase in second-class mail should be on a graduated scale over a period of 3 years, as recommended by the Postmaster General, but that the increases as large as those contained in the bill as introduced should not be made without a thorough study of the entire subject as contem-

plated under section 13. The increases recommended of 10 percent each for 3 years, or a total of 30 percent, will result in increased revenues of approximately \$3½ million annually or a total of \$10,500,000.

The bill, as reported, makes no change in present free-in-county mailings, covering publications mailed to subscribers within county of publication, provided same are addressed for delivery at or from post offices where there is no city letter-carrier service.

The first proviso of section 2 (a) makes ineligible for second-class mailing privileges publications having over 75 percent advertising in more than half of their issues during any 12 months' period but further provides that a charge made solely for the publication of transportation schedules, fares, and related information shall not be construed as constituting a charge for advertising for the purpose of such requirement.

The two additional provisos in this section retain the present rates for nonprofit publications if in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations, and adds thereto temperance and veteran organizations and service clubs, with a strict requirement that none of the income shall inure to the benefit of any individual, and further provides, even if the publisher is not a nonprofit organization, that if the publication is designed for classroom or religious instruction classes, there shall be no increase in the present rates. In the case of the former—the nonprofit publications—the present rate of 1½ cents per pound for entire publication without reference to zone will be continued; in the case of the latter the rate will be 1½ cents as to reading content without regard to zones with present zone rates on advertising content.

The bill is introduced and as reported imposes a minimum charge of one-eighth of 1 cent on each individually addressed copy of second-class mail. This provision, however, is not applicable to free-in-county mailings.

Transient mail rates are increased from 1 cent to 2 cents for the first 2 ounces or fraction thereof, with no change in the present 1 cent rate for over 2 ounces, or the fourth-class rate, whichever is lower. This has reference to copies of publications having second-class entry mailed by others than the publishers or authorized news agents, sample copies mailed by the publishers in excess of the 10 percent allowance entitled to be sent at the pound rates, and copies mailed by the publishers to persons who may not be included in the required legitimate list of subscribers.

The following table sets forth the present rates and those proposed in the bill as reported:

Within county of publication

	Present rate	Proposed in S. 1046
Local delivery:		
Non-letter-carrier office.....	Free.....	Free.
Letter-carrier office: Weekly publications, by city carrier.....	1 cent per pound.....	1 cent per pound with minimum charge of $\frac{1}{8}$ cent per copy except on free-in-county.
Publications issued more frequently than weekly, by city carrier.....	1 cent per copy.....	1 cent per copy.
Publications, issued less frequently than weekly, by city carrier.....	1 cent per copy first 2 ounces; 2 cents per copy, over 2 ounces.	No change, except with minimum $\frac{1}{8}$ -cent charge.
For delivery by other than city carrier.....	1 cent per pound.....	1 cent per pound, except $\frac{1}{8}$ -cent minimum charge.
Other than local delivery within county:		
For delivery at offices without city letter carriers.....	Free.....	Free.
For delivery at offices having city carriers.....	1 cent per pound.....	1 cent per pound with minimum $\frac{1}{8}$ -cent charge.

Outside county of publication

[Unless nonprofit publications as set forth in second proviso of sec. 2 (a), or profit publications designed for classroom or religious instruction]

	Present rate (per pound)	Rate proposed in S. 1046, as amended (per pound)		
		First year	Second year	Third year
Reading portion.....	<i>Cents</i> 1½	\$0.0165	\$0.0180	\$0.0195
Advertising portion:				
Zones 1 and 2.....	1½	.0165	.0180	.0195
Zone 3.....	2	.0220	.0240	.0260
Zone 4.....	3	.0330	.0360	.0390
Zone 5.....	4	.0440	.0480	.0520
Zone 6.....	5	.0550	.0600	.0650
Zone 7.....	6	.0660	.0720	.0780
Zone 8.....	7	.0770	.0840	.0910
Publications with 5 percent or less advertising, minimum rate of $\frac{1}{8}$ cent per copy.....	1½	.0165	.0180	.0195

	Present rate	Proposed rate in S. 1046
Transient rates: Newspapers and other periodical publications mailed by public and by publishers to nonsubscribers.	1 cent for each 2 ounces or fraction thereof or fourth-class rate, whichever is lower.	2 cents for first 2 ounces and 1 cent for each additional 2 ounces, or fraction thereof, or the fourth-class rate, whichever is lower.

(1) If nonprofit publications present flat rate of 1½ cents per pound is continued.

(2) If publications designed for classroom or religious instruction present rates continued.

(3) Minimum of $\frac{1}{8}$ cent per piece applies to all mailings except free-in-county mail.

Section 3. Third-class mail

Third-class mail includes miscellaneous printed matter, circulars, books, catalogs, merchandise, seeds, cuttings, bulbs, roots, scions, and plants. The weight must not exceed 8 ounces, otherwise fourth-class rates will be applied. The following table from the Post Office Department Cost Ascertainment Report for 1950 sets forth the

revenue, expenditures, pieces, and pounds with estimated increase from S. 1046 as amended.

Revenue-----	\$153, 745, 942
Expenditure-----	\$289, 618, 283
Excess of expenditures over revenue-----	\$135, 872, 341
Pieces-----	10, 342, 921, 097
Pounds-----	646, 197, 757
Estimated increase, S. 1046:	
First year-----	\$17, 937, 897
Second year-----	\$35, 187, 454

The following table makes a comparison of the present and proposed rates for third-class mail under the committee amendment:

	Present rate	Proposed rate
Regular per piece rate (circulars, miscellaneous printed matter, and merchandise).	2 cents first 2 ounces plus 1 cent for each additional ounce.	No change.
Special per piece rate (books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants).	1½ cents for each 2 ounces.	2 cents for first 2 ounces plus 1½ cents for each additional 2 ounces.
BULK MAILINGS		
20 pounds or 200 identical pieces—calendar-year fee for privilege of mailing at bulk rates.	\$10 annual fee-----	No change.
Rates:		
Circulars, miscellaneous printed matter, and merchandise.	14 cents per pound; minimum 1 cent per piece.	14 cents per pound; minimum 1¼ cents first year; 1½ cents second year.
Books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.	10 cents per pound; minimum of 1 cent per piece.	10 cents per pound; minimum 1¼ cents first year; 1½ cents second year.
Pieces of odd size or form-----	Minimum charge of 3 cents each.	No change.

The bill continues the provision that special rates will be granted for bulk mailings (20 pounds or 200 identical pieces) of third-class mail sent under such regulations as the Postmaster General may prescribe for this class of mail under the special rates. Under the Postmaster General's recommendation set forth in the bill as introduced, the bulk mailing privilege was retained, but there was no real inducement to use bulk mailings since the minimum rate of 2 cents in the bill as introduced was the same as the rate for similar matter sent as regular third-class mail. This could have and probably would have resulted in eliminating a large portion of bulk mailings and, in the opinion of the committee, would cause the third-class mailer, in many instances, to discontinue sorting this mail before presenting it to the post office. The committee amendment sets the minimum rate on third-class bulk mail at 1¼ cents for the first year with an additional increase of a quarter of a cent the second year, so that after a lapse of a year from the effective date of the act the rate will be 1½ cents. This allows a half a cent per piece margin from the regular third-class rate after 1 year and enables the users of this class of the mail to absorb this increase over a period of a year rather than all at one time. While not extending over as long a period as the graduated increase in rates in second-class mail, the committee feels that such a graduated adjustment in third-class bulk mailings is as justified as the graduated adjustments in second-class mail. The committee feels that this differential is sufficient to justify the third-class mailer to continue the facing, sorting, and packaging of such mail prior to presenting it to the post office.

There is no change in the pound rates for such bulk mailings. These pound rates were last increased January 1, 1949, but there has been no increase in the minimum bulk mailing rate since this particular class of mail was established in 1928. In the opinion of the committee this increase in minimum bulk mailing rate of 25 percent the first year and 50 percent thereafter is moderate and fair but if the investigation contemplated under section 13 of this bill should reveal facts justifying further adjustments, the Congress could at that time reconsider the question.

The committee amendment sets up in third-class bulk mailings a new exemption in that there is no increase over present rates on such mailings if made by religious, educational, scientific, temperance, philanthropic, agricultural, labor, veterans' or fraternal organizations or associations, or service clubs, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual. Witnesses representing such organizations testified before the committee as to the hardship that would result and the detriment to this much needed service to the public if there is any increase in their rates in third-class bulk mail. Webster's New Collegiate Dictionary, based on Webster's New International Dictionary, second edition, defines service clubs as follows:

Service club: An organization for the promotion of the common interests of its members and to help the community welfare, as a Rotary, Kiwanis, or Lions Club.

While, of course, it is not the intention of the committee to restrict the preferential treatment of this amendment solely to the three clubs mentioned, by way of illustration, in this definition, it is likewise not the intention of the committee to make the amendment apply to all organizations which may serve a worth-while purpose in civic improvement and development such as chambers of commerce, citizens' associations, etc., but that portion of the amendment having to do with "service clubs" is intended to refer to those organizations embraced within the popular understanding of service clubs and contemplated under the definition given. It should be noted that all of the organizations mentioned in the exemption must meet the test of not being organized for profit and that none of the net income of such organization inures to the benefit of any private stockholder or individual.

Elsewhere in this report, it is estimated that the increased revenue in third-class mail, including the increase from 1 to 1½ cents in third-class bulk mailings, would result in an increase of \$17,937,897 the first year and that the additional increase of one-quarter of a cent per pound the second year would result in a total increase in revenue of \$35,187,454 annually. This estimate, however, does not take into account any adjustment by reason of the amendment that would retain the present rate of 1 cent per pound in bulk third-class mail if mailed by the nonprofit organizations set forth in the amendment, since no data were available to the committee upon which to base such an estimate. It is obvious, however, that the amendment would result in a substantial reduction.

The committee amendment makes no change in the present law as to the 3-cent fee for pieces or packages of such size or form as to prevent ready facing and tying in bundles and requiring individual distributing. Also the committee amendment retains the present \$10 annual fee for bulk mailings.

Section 4. Fourth-class mail

S. 1046, as introduced, carried no section on fourth-class mail for the reason set forth by the Postmaster General contained in his letter appearing in this report. The committee, however, feels very strongly that Congress alone should adjust postage rates and has added as section 4 a section on fourth-class mail.

In his testimony before the committee, the Postmaster General stated that he was not in accord with that portion of the ICC order (Docket No. 30690) with regard to books and expressed a preference for the retention of the present law as to books rather than that portion of the ICC order dealing with books.

Section 4 of the reported bill is divided as follows:

Parcel post.—It is the opinion of this committee that there should be substantial increases in parcel post. The rates set forth in section 4 effect such increases, and based on 1950 mailings this should yield additional revenue of \$61,825,000 annually. This is accomplished by increasing rates as set forth in section 4, which rates vary somewhat from the rates authorized under the order of the Interstate Commerce Commission, as is more clearly shown by the comparisons in the following table:

	Present rates first pound	Additional pounds		Proposed rates in ICC petition		Proposed rates in S. 1046 ¹			
		2 to 10 pounds	11 to 70 pounds	First pound	Additional pounds	First pound or fraction	Second pound or fraction	Next 3 to 10 pounds or fraction	Over 10 pounds or fraction
Zones:	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Local.....	10	1	0.75	15	1.25	15	2	1½	¾
1 and 2.....	12	2.1	2	17	2.4	² 17	3	3	2¼
3.....	13	3	2.8	17	3.5	17	4	3½	2¾
4.....	14	4.5	4.25	19	4.75	18	5	4½	3½
5.....	15	6	5.5	21	6.75	19	7	6	5½
6.....	16	7.5	7.25	23	9.25	20	10	7½	7¼
7.....	17	9.5	9.25	25	11.50	21	11	10	9¾
8.....	18	11.5	11.25	27	14	22	12	11½	10¾

¹ On parcels measuring more than 84 inches but not more than 100 inches in length and girth combined, the minimum postage charge shall be the zone charge applicable to a 10-pound parcel.

² Except when the distance by the shortest regular mail route in first and second zones from the office of origin to the office of delivery is 300 miles or more, the rate shall be the same as for delivery within the third zone.

It is believed by many who have made a study of the matter that the parcel-post zone rates are relatively too high in the more distant zones and not high enough nearer the point of origin. The fourth section of this bill seeks to correct this by using a rate structure that changes the rate of progression so that the increased revenue will come primarily from the lower zones in which the principal volume of parcel post moves and in which the principal deficit occurs according to information submitted to the committee. If, however, it is shown that the rates in any zone as set forth in section 4 are out of line with costs within that particular zone as a result of the contemplated study of all matters affecting postal rates under section 13 of this bill, this can and should be corrected by subsequent legislation. Also, if it be shown that the revenue in zoned parcel post resulting from the adjustments set forth in section 4 will not make parcel post substan-

tially self-supporting, this can and should be further adjusted by Congress. While the committee is in sympathy with the position that parcel post should pay its way, the committee is, at the same time, aware of the fact that Congress has, from time to time, announced the principle that parcel-post rates shall not be in excess of the cost of handling this class of mail.

Catalogs.—While the committee feels that there should be some readjustment in the rates for catalogs and similar printed advertising matter in bound form weighing more than 8 ounces but not exceeding 10 pounds, and that the present rates as set forth in subsection (c) of section 204 of the Federal Employees Salary Act of 1948 call for an adjustment, the committee feels that the increases in rates on catalogs and related matter in fourth class under the petition of the Postmaster General to the Interstate Commerce Commission are higher than are warranted. The following table sets forth the present rates on such matter with the rates proposed in such petition and those set out in section 4 of this bill:

[Cents per pound]

	On first pound or fraction thereof			Over 1 pound to 10 pounds		
	Present rates	ICC petition	S. 1046	Present rates	ICC petition	S. 1046
Zones:						
Local.....	7½	10	8	1	1½	1
1 and 2.....	8	11	9	1½	2½	1½
3.....	9	12	10	2	3	2½
4.....	10	13	11	2½	4	3
5.....	12	15	13	3	5½	4
6.....	13	16	14	4	7	5
7.....	14	17	15	5	9	6
8.....	15	18	16	6	11	7

According to the Post Office Department, based on mailings for the calendar year 1949, the increased revenue in fourth-class mail by reason of the petition to the Interstate Commerce Commission is as follows:

Parcel post.....	\$94, 161, 944
Catalogs.....	4, 920, 262
Books.....	6, 180, 151
Total.....	105, 262, 357

Fourth-class mail

	Revenue	Expenditures	Excess of expenditures over revenue	Revenue from S. 1046
Parcel post.....	\$380,820,198	\$455,022,716	\$64,202,518	\$61,825,000
Catalogs.....	12,193,538	20,764,527	8,570,989	1,186,000
Books.....	9,682,766	12,879,440	3,196,674	
Library books.....	96,637	268,445	171,808	
Publications not entered as second-class matter.....	\$69,449	1,942,825	973,376	
Matter for blind at 1 cent per pound.....	5,787	29,409	23,622	
Total.....	403,768,375	480,907,362	77,138,987	63,011,000
Excess of expenditures over revenue, 1950 cost ascertainment.....				\$77,138,987
Estimated increased revenue from S. 1046.....				63,011,000
Excess of expenditures over revenue if S. 1046 is enacted.....				14,127,987

Books.—The committee feels very strongly that there should be no change in the present rate on books. Section 4 of the reported bill provides that the rate, size, and weight of books and library books shall remain the same as they are under present law and that they will not be changed unless such change be approved by the Congress.

Books are entered under fourth-class mail and were included in the Postmaster General's petition to the Interstate Commerce Commission for authority to readjust the rates in fourth-class mail to include zoned parcel post, catalogs, and books. This committee did not participate in the hearings in connection with docket No. 30690 of the Interstate Commerce Commission but the committee has made a study of the proceedings and the order of the Commission. Such proceedings were instituted before the Commission by direction of the Congress in Public Law 843, Eighty-first Congress, which was in effect a mandate to the Postmaster General to file such a petition for a readjustment of fourth-class mail rates. In spite of this mandate, in which this committee had no part, it is the opinion of the committee that all postal rates should be readjusted by the Congress and not by an administrative or executive branch of the Government. Also the committee feels that this adjustment in book rates is particularly objectionable.

The Postmaster General proposed to the Interstate Commerce Commission that the rates on books be increased but that on parcels of books under 10 pounds the rate be a flat rate. In its decision the Interstate Commerce Commission, on May 11, 1951, consented to a zone rate for books. The placing of books under zone rates would, in the committee's opinion, create an undue hardship to an industry which has been established based upon a flat rate. It would also discriminate against areas in the country which do not have book publishers. The publishing of books, together with their printing and binding, is an industry which is concentrated largely in one section of the country and in order not to discriminate against readers in other sections, books have been accorded a flat rate since 1938.

It should also be noted that there have been substantial increases in book rates without comparable increases in the rates of other publications, such as magazines and newspapers. Prior to October 31, 1938, books were sent at the regular parcel-post rate. Effective November 1, 1938, by a Presidential proclamation, a book rate was established at 1½ cents per pound, which rate continued in effect until June 30, 1942. By acts of Congress, the rate level was increased to 3 cents for each pound, effective July 1, 1942; by 3 percent with a minimum of 1 cent per parcel effective March 26, 1944; and effective January 1, 1949, to the present time, the rate was increased to 8 cents for the first pound and 4 cents for each additional pound. The committee feels that these increases are sufficient and that no further increases should be made in rates for books.

SPECIAL SERVICES

The action of the committee as to special services was, with two exceptions, in line with the recommendation of the Postmaster General. His recommendation, as set forth in the bill as introduced, called for increases as indicated in the following table:

For fiscal year 1950

	Transac- tions	Revenue	Expendi- tures	Excess of expendi- tures over revenue	Estimated revenue in S. 1046 as introduced
Registered mail (paid).....	72,391,933	\$26,475,786	\$38,648,860	\$12,173,074	\$10,583,000
Insured mail.....	199,157,382	22,214,133	21,523,081	1,691,052	809,000
C. o. d. mail.....	63,110,631	18,958,315	26,568,158	7,609,843	7,461,000
Special-delivery mail.....	115,043,775	22,676,422	32,463,875	9,787,453	7,500,000
Total.....	449,703,721	90,324,656	119,203,974	29,570,370	26,353,000
Less.....				691,052	
Total.....				28,879,318	

1 Excess of revenue over expenditures.

Under this increase of \$26,353,000, which reflects the reduction in the fee for special delivery of matter not over 2 pounds from 23 to 20 cents, it is estimated by the committee that the special services listed above will approximately pay the cost of same with the exception of special-delivery service by reason of such reduction. The change in special delivery fee to 20 cents represents an increase of 5 cents over the present 15-cent rate. The committee feels that this fee should not be increased more than 5 cents.

Action of the committee on the sections of the bill in special services follows:

Section 5. Special delivery

Adjusted as set forth above, and as reflected in the following table:

	Present rate	Proposed rate
	<i>Cents</i>	<i>Cents</i>
First-class matter:		
Up to 2 pounds.....	15	20
Over 2, to 10 pounds.....	25	35
Over 10 pounds.....	35	50
Second-, third-, and fourth-class matter:		
Up to 2 pounds.....	25	35
Over 2, to 10 pounds.....	35	45
Over 10 pounds.....	45	60

Section 6. Registered mail

No change in bill as introduced.

Section 7. Return receipts for registered mail

No change in bill as introduced.

Section 8. Fees for insured mail

No change in bill as introduced.

Section 9. Returned receipts for insured mail

No change in bill as introduced.

Section 10. Fees for collect-on-delivery mail

No change in bill as introduced.

Section 11. Registered collect-on-delivery mail

No change in bill as introduced.

The following table sets forth the present and proposed fees in domestic registered, insured, and c. o. d. mail:

	Present fees	Proposed fees
Fees for domes registered mail (first-, second-, and third-class matter, and sealed fourth-class matter on which postage at the first-class rate has been paid):		
Articles have no intrinsic value and for which no indemnity is payable.....	\$0. 25	\$0. 30
Indemnity hit:		
\$0.01 to \$5.....	.25	.40
\$5.01 to \$25.....	.35	.55
\$25.01 to \$50.....	.40	.65
\$50.01 to \$75.....	.45	.75
\$75.01 to \$100.....	.50	.85
\$100.01 to \$200.....	.60	.95
\$200.01 to \$300.....	.70	1.05
\$300.01 to \$400.....	.85	1.15
\$400.01 to \$500.....	1.00	1.25
\$500.01 to \$600.....	1.10	1.35
\$600.01 to \$700.....	1.20	1.45
\$700.01 to \$800.....	1.30	1.55
\$800.01 to \$900.....	1.40	1.65
\$900.01 to \$1,000.....	1.50	1.75
For registered mail having a declared value in excess of \$25, registered fee of not less than.....	(1)	.55
For registered mail having a declared value in excess of the maximum indemnity covered by the registry fee paid there shall be charged additional fees (surcharges) as follows:		
When the declared value exceeds the maximum indemnity covered by the registry fee paid:		
By not more than \$50.....	.02	No change
By more than \$50 but not more than \$100.....	.03	No change
By more than \$100 but not more than \$200.....	.04	No change
By more than \$200 but not more than \$400.....	.06	No change
By more than \$400 but not more than \$600.....	.07	No change
By more than \$600 but not more than \$800.....	.08	No change
By more than \$800 but less than \$1,000.....	.10	No change
If the excess of the declared value over the maximum indemnity covered by the registry fee paid is \$1,000 or more, the additional fees for each \$1,000 or part of \$1,000 on articles destined to points within the several zones applicable to fourth-class matter shall be as follows:		
For local delivery or for delivery within the first zone.....	.11	.12
For delivery within the second zone.....	.12	.14
For delivery within the third zone.....	.14	.16
For delivery within the fourth zone.....	.15	.17
For delivery within the fifth or sixth zone.....	.16	.18
For delivery within the seventh or eighth zone.....	.18	.19
Fees for domestic insured mail (third- and fourth-class matter):		
Indemnity hit:		
\$0.01 to \$5.....	.05	.05
\$5.01 to \$25.....	.10	.10
\$25.01 to \$50.....	.15	.15
\$50.01 to \$100.....	.20	.20
\$100.01 to \$200.....	.25	.30
\$200.01 to \$300.....	.30	.35
Fees for domestic (i. e. o. d. mail, unregistered (third- and fourth-class matter and sealed domestic mail matter of any class bearing postage at the first-class rate):		
Indemnity hit:		
\$0.01 to \$50.....	.20	.30
\$25.01 to \$50.....	.25	.40
\$5.01 to \$5.....	.35	.60
\$25.01 to \$50.....	.45	.70
\$50.01 to \$100.....	.55	.80
\$100.01 to \$150.....	.60	.90
\$150.01 to \$200.....	.65	1.00
For insured mail treated as registered mail having a declared value in excess of the maximum indemnity covered by the insurance fee paid there shall be charged additional fees (surcharges) as follows:		
When the declared value exceeds the maximum indemnity covered by the insurance fee paid:		
By not more than \$50.....	.01	.02
By more than \$50 but not more than \$100.....	.02	.03
By more than \$100 but not more than \$200.....	.03	.04
By more than \$200 but not more than \$400.....	.04	.06
By more than \$400 but not more than \$600.....	.05	.07
By more than \$600 but not more than \$800.....	.06	.08
By more than \$800 but less than \$1,000.....	.07	.10

¹ No minimum charge.

² \$5.01 to \$10.

³ \$10.01 to \$25.

With the exception of fees for special-delivery mail, the committee made no change in the readjustments recommended by the Postmaster General in those divisions of special services in which he felt that there should be a readjustment over present charges. The committee feels that such services are highly beneficial to the users and those who use such services should, and generally do wish to pay the cost of the same. These increases are not large and should, generally and in the main, place such services on a self-supporting basis.

The bill as introduced provides that a fee of not less than 55 cents shall be required for registered mail having a declared value in excess of \$25. This provision is recommended by the Postmaster General, having been found necessary because of the tendency on the part of some users of registered mail to pay a fee covering indemnity in a lesser amount than the real value of the article.

It will be noted that no change is contemplated in the surcharge fees where the maximum indemnity covered by the fee paid does not exceed \$1,000. The Postmaster General felt that the present surcharge is sufficient in such case but has recommended a slight readjustment where the declared value is over \$1,000. The committee concurred in these recommendations.

The 1950 cost ascertainment showed a small estimated excess of revenue over expenditures for insured mail in the amount of \$691,052. However, there is no assurance that this condition will continue. The indemnity paid in connection with parcels insured for values in excess of \$50 is increasingly greater in proportion to the revenue derived in fees than the indemnity paid in connection with parcels insured at the lower values. For this reason the Postmaster General felt that small adjustments in the fees for insured mail exceeding \$50 in value are necessary to continue this division of special services as self-supporting. In this the committee agreed.

While there was some testimony offered during the hearings as to the hardship on the users if there were any increases in c. o. d. fees, the committee found itself in agreement with the Postmaster General that such fees should be readjusted to cover the cost of a collect-on-delivery service and concurred in his recommendations on this point.

Section 11 of S. 1046 as introduced authorized the Postmaster General to henceforth prescribe by regulations the fees which should be charged for the following special services:

1. Registry of mail matter.
2. Insurance of mail matter, or other indemnification of senders thereof for articles damaged or lost.
3. Securing a signed receipt upon the delivery of registered or insured mail matter and returning such receipt to sender.
4. Collect-on-delivery service.
5. Special-delivery service.
6. Special-handling service.
7. Issuance of money orders.
8. Notice to publishers of undeliverable second-class mail, for notice of change of address, and for notice to addressee or sender of undeliverable third- or fourth-class matter, or of undeliverable second-class matter mailed at the transient rate.

The committee realizes that this was a recommendation of the Hoover Commission and that this recommendation was contained in

H. R. 2945 of the Eighty-first Congress, which bill passed the House. However, this committee feels very strongly that all postal rate readjustments are matters for the Congress with the aid of the Post Office Department, and other guidance, on which information can be secured by the committee to permit intelligent action. The committee believes that the setting up of the joint committee and the study contemplated under section 13 of this bill is along the right line rather than a direct delegation of rate-making in special services to an administrative body, therefore, the committee amendment does not contain the original section 11. During the hearings there was considerable testimony in opposition to this section and we do not recall any testimony in favor of it, other than that of the Postmaster General. However, the committee is in agreement with the position of the Postmaster General that special services are of such a nature that fees should be fixed which will enable this particular service of an individual nature to be self-supporting. In the main, such services represent something that is rendered over and beyond the regular handling of the mail and, while highly desirable and necessary in many instances, it is a service for which the user should and generally wishes to pay.

Section 12. Restoration of service

This is a new section designed to restore the service to that existing prior to April 17, 1950, at which time the Postmaster General, for budgetary reasons, issued an order curtailing certain services. In the opinion of the committee the services curtailed pursuant to this order are necessary in the main and should be restored.

Section 13. Joint committee on postal service

This section, incorporating into the reported bill Senate Joint Resolution 60 of this Congress, with appropriate changes in language and numbering of sections, has been discussed elsewhere in this report. Since the cost involved under this section will be borne by the legislative branch of the Government and the Post Office Department will not be affected, and also because it is impossible at this time to estimate such cost, no such item is reflected in the committee report.

Section 14. Repeal of existing law

This is a sufficient repealing section to take care of any existing law that is inconsistent with the committee amendment.

Section 15. Effective date

The effective date is not changed from that of the bill as introduced. Rates on second-class mail shall take effect on the first day of the second quarter beginning after the approval of the bill; other rates shall go into effect on the first day of the third calendar month following the month in which the legislation is enacted, except for the rates that are specifically deferred in sections 2 and 3, second- and third-class mail.

Sections in the committee amendment are appropriately renumbered by reason of the deletion of and addition of sections.

AGENCY REPORTS

Attached are letters from the Director of the Bureau of the Budget and the Comptroller General, which reports are directed to the bill as

introduced. Also there is attached a report from the Postmaster General directed to the bill in the form in which it is reported.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 27, 1951.

Hon. OLIN D. JOHNSTON,
*Chairman, Post Office and Civil Service Committee,
United States Senate, Washington, D. C.*

MY DEAR SENATOR JOHNSTON: This is in reply to your letter of March 7, requesting comments on S. 1046, a bill to readjust postal rates.

S. 1046 is identical with the draft bill submitted to the Congress by the Postmaster General. It carries out the recommendations for postal rate increases contained in the President's special message on this subject, which was transmitted to the Congress on February 27, 1951.

As emphasized by the President in his message, more adequate postal rates are urgently needed in order to reduce the extremely high postal deficit, which is estimated at \$521 million for the fiscal year 1952. S. 1046 is in accord with the program of the President, and this Bureau recommends its enactment at the earliest possible date.

Very truly yours,

F. J. LAWTON, *Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, D. C., April 9, 1951.

Hon. OLIN D. JOHNSTON,
*Chairman, Committee on Post Office and Civil Service,
United States Senate*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of March 7, 1951, acknowledged by telephone March 9, requesting a report on S. 1046, Eighty-second Congress, entitled "A bill to readjust postal rates."

The bill would effect an increase in postal rates to provide increased revenues so as to decrease the annual cash deficit resulting from the operation of the postal services. This office has no records from which to determine the extent the increased rates would result in the reduction of such deficit. However, in addition to the increased revenues, the bill also would have the effect of increasing certain expenditures, since the increased rates resulting in increased gross postal receipts will require adjustments in the class of some post offices and increases in the rate of compensation and the allowances of postmasters and certain other employees whose compensation or allowances are based on the annual receipts of their offices. (See 39 U. S. C. 858.)

The enactment of S. 1016 will present no particular accounting or auditing difficulties and, therefore, this Office has no objection to the enactment thereof.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

OFFICE OF THE POSTMASTER GENERAL,
Washington 25, D. C., August 16, 1951.

Hon. OLIN D. JOHNSTON,
*Chairman, Committee on Post Office and Civil Service,
United States Senate.*

DEAR MR. CHAIRMAN: This will acknowledge your letter of August 14 enclosing a revised copy of S. 1046 in the form in which it was ordered reported to the Senate by your committee on the same date, and pursuant to your request the following comments on the revised bill are submitted for consideration.

It is noted that the bill provides for an increase in the rate on postal and post cards from 1 to 2 cents each as recommended by the Department and that the amendment embodied in the committee print of the bill dated July 19 which would have excepted postal and post cards from the increase when sent by nonprofit charitable, religious, temperance, and philanthropic organizations has been eliminated as recommended by me at the time I appeared before your committee on August 2, 1951. This action is desirable and in the interest of efficient and economical administration.

With respect to the second-class mail provisions of the revised bill as ordered reported to the Senate, I can only reiterate the statements made before your committee by me as to the inadequacy of the increase in second-class rates provided in the bill. This class of mail is currently handled at a loss of approximately \$200,000,000 a year. During the fiscal year 1950 more than 6 billion pieces of newspapers and other periodical publications weighing $2\frac{1}{4}$ billion pounds were mailed at the publishers' subsidized rates, the postage paid thereon amounting to only \$41,280,000. The graduated increase of 10 percent a year over a period of 3 years of the postage presently paid on these mailings will produce only an insignificant amount of additional revenue in relation to the tremendous loss in handling this class of matter. Because of the many exemptions from any increase which the bill provides, the additional revenue for the first year would amount to less than \$4,000,000 and after the full 3-year period, or 30 percent total increase, the additional revenue would amount to not more than \$11,000,000. Truly, this is a most unrealistic approach to the need for a substantial upward revision of rates on a class of mail which has had no real readjustment of rates for more than 25 years and which is responsible for more than one-third of the postal deficit.

It is noted that S. 1046 as revised embodies an amendment which would exempt the publications of nonprofit "service clubs" from any increase. This would not only further reduce the amount of additional revenue which the legislation is designed to produce but it would further complicate the already difficult classification of newspapers and periodical publications enjoying the second-class mailing privileges and present serious administrative difficulties in determining whether the many publications for which the benefit of the special privilege would be sought are entitled thereto.

It is firmly believed that the Department's recommendation last February of a 100-percent increase in the rates for second-class matter, to be accomplished by increases of 50, 25, and 25 percent, spread over a period of 3 years, represents the minimum increases which can be justified in view of the facts cited and the great need for a reduction of the postal deficit. It cannot be overlooked that the unsound situation existing in regard to second-class mail is most likely to be materially worsened as a result of pending legislation for increasing the salaries of postal personnel and other increased costs for transportation of the mails, etc., facing the Department.

Although it was understood that your committee had decided at its meeting on August 2, after considerable discussion, to eliminate the provision which would exempt third-class matter from any increase in rates when mailed by nonprofit, religious, educational, scientific, temperance, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations, such exemption is retained in S. 1046 as revised and ordered reported to the Senate. It is also noted that "service clubs" have been added to the groups of organizations which would be entitled to such special privilege.

Here is a class of mail which, like that of the second class, is handled at a tremendous loss. In the fiscal year 1950, 10,342,921,000 pieces of third-class mail weighing 646,197,000 pounds were handled. The revenue therefrom amounted to \$153,746,000 while the apportioned expenditures amounted to \$289,618,000 or an excess of expenditures over revenues of \$135,872,000. This excess or loss in handling third-class mail is more than twice the amount of the air-mail subsidy. In its recommendations to the Congress last February for postal-rate revision the Department recommended a minimum rate of 2 cents per piece on all types of this mail. S. 1046 provides for a minimum charge of $1\frac{1}{4}$ cents per piece on bulk mailings for the first year and $1\frac{1}{2}$ cents per piece effective 1 year thereafter.

It is estimated that the rates provided by the bill would produce only around \$17,000,000 the first year and \$34,000,000 a year thereafter. These figures make no allowance for the amount of potential revenue which would be lost through the proposed exemptions from any increased rates of third-class matter mailed by the various groups of organizations named in the bill. Considering the annual loss of almost \$136,000,000 incurred in handling third-class mail, the proposed minimum rates of $1\frac{1}{4}$ and $1\frac{1}{2}$ cents per piece would continue an annual loss of more than \$100,000,000 on such matter.

Not only would the bill fail to accomplish any worth-while revision of the postage rates on third-class mail, but as was explained to your committee at its meeting on August 2, 1951, the special privileges which would be granted in the way of exemptions from any increase of matter mailed by the numerous favored groups of mailers would be exceedingly difficult, if not impossible, to administer and constitute a discrimination which could hardly be justified. The number of

individual organizations and groups seeking the preferential rates would be practically unlimited and the determination of their right to such privilege and the acceptance of their mailings under a system of permits which would necessarily be entailed would involve much work and expense. What has been said herein regarding the extension of the special second-class mailing privileges to service clubs applies with equal force to their inclusion in the preferred groups of third-class mailers.

One of the most frequent complaints made by businessmen and the general public is the receipt of unwanted circulars and other advertising matter in large quantities which clutter up their mail boxes and is regarded by them as an economic waste as much of this matter is thrown away without being opened. Obviously the preferential rates which such matter would continue to enjoy under S. 1046 would not afford any relief from the condition complained of.

In the light of the foregoing it is the Department's feeling that the provisions of the revised bill with respect to third-class mail referred to should not be enacted into law but that a more realistic and substantial revision of the third class rates should be adopted.

S. 1046 as revised embodies as an amendment the provisions of S. 1369 providing for the readjustment of the postage rates on fourth-class (parcel post) matter. It is understood that this was done because of the feeling on the part of your committee that the matter of adjusting postage rates, including fourth-class or parcel post rates, is one for the determination of the Congress.

Certainly there can be no question with respect to such feeling and the Department has no objections to the exercise of this function by the Congress. Nevertheless, the fact is that Congress by the inclusion of a provision in chapter IV, Post Office Department section of the act "making supplemental appropriations for the fiscal year ending June 30, 1951, and for other purposes" (H. R. 5926, approved September 27, 1950, Public Law 843) directed the Postmaster General to request the consent of the Interstate Commerce Commission "to the establishment of such rate increases * * * as may be necessary to insure the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service * * *."

Pursuant to such direction the Postmaster General on October 13, 1950, requested the consent of the Commission to the revision of postage rates for fourth-class matter in accordance with the schedule submitted on that date, these rates on the basis of the costs at that time being sufficient to make the parcel post service pay its way. After extended hearings the Commission consented to the establishment of the proposed rates and accordingly Postmaster General's Order No. 46380, dated June 1, 1951, was issued for the purpose of placing the revised rates in effect on October 1, 1951. A reprint of the order is attached.

It will be noted that the order provides for increases in the regular parcel post zone rates and rates on catalogs. It is estimated that based on the 1950 volume of regular parcel-post mail and catalogs these rates will produce approximately \$99,000,000 additional revenue and that on the basis of the prevailing costs at the time of the submission of the Department's request to the Commission such amount would make this service pay its cost. The rates provided in S. 1369 and embodied in S. 1046 would produce only about \$63,000,000 on an annual basis, far less than the amount necessary to balance the parcel post revenues and expenditures. Furthermore, the proposed revision makes no allowance for the additional costs which may result from the enactment of legislation providing for increases in postal salaries and other imminent increases in the expense of operating the service.

It is understood that representations have been made to your committee to the effect that the rates which the Department submitted to the Interstate Commerce Commission, and to the establishment of which the latter have consented, are too low in the distant zones and too high in the nearby zones and consequently discriminate against shippers who maintain only one plant and mail parcels to all zones whereas other shippers having numerous plants throughout the country from which they mail their parcels enjoy the benefit of the lower rates to nearby zones. There is no sound basis for such charge of alleged discrimination. In determining the rates which the Department submitted to the Commission, consideration was given to the then current costs of handling parcels of different weights in the respective zones and the rates approved by the Commission are believed to reflect as nearly as practicable the costs of handling parcels in the different zones. This feature was discussed at considerable length during the hearings before the Interstate Commerce Commission and in its findings the Commission did not adopt the views presented by the witnesses who urged that the readjustment of

the fourth-class rates be made on the basis advocated by such witnesses; that is, by establishing lower rates in the distant zones and higher rates in the nearer zones.

In view of all the facts and circumstances it is obvious that the fourth-class rates embodied in revised S. 1046 will be inadequate to meet the cost of the parcel post service. Therefore, if they are adopted and the anticipated increases in the cost of operating the postal service materialize, it will be necessary to recommend to the Congress further increases in the fourth-class rates. In view of this it would seem desirable that higher rates be established by the pending legislation and thus provide as soon as practicable the additional revenue which is so greatly needed now while the Government is so greatly pressed for funds to effectuate the national defense.

Section 12 of S. 1046 reads as follows:

"The order of the Postmaster General, dated April 17, 1950, curtailing delivery and other essential postal services, is hereby rescinded, and the Postmaster General is hereby directed to maintain such services on the basis existing immediately prior to the issuance of such order of April 17, 1950, until otherwise provided by the Congress."

I would like to call your attention to the fact that this proposal to rescind the order of April 17, 1950, carries no appropriation for the restoration of the service. I would also like to point out that at least four times since the close of World War II the subcommittee of the Appropriations Committee in the House has indicated that the deliveries in the residential sections of cities where the delivery service has been established could be reduced with sizable savings to the taxpayers. On each occasion when this subject was discussed with the members of the subcommittee, I expressed opposition to reducing deliveries in residential sections from two to one. However, when I appeared before the Subcommittee on Appropriations in the House of Representatives on January 16, 1950, this particular matter was brought up again under the subject of feasibility of curtailing operations to effect economies. I again opposed the reduction in deliveries in residential sections from two to one and this testimony may be found beginning on page 433 in part 2 of the printed hearings before this subcommittee.

In reporting out the appropriation bill for the Post Office Department, which was included in the omnibus bill, the members of the subcommittee included this statement in report No. 1797, general appropriation bill 1951, under date of March 21, 1950, and beginning on page 75:

"The committee has discussed with the Postmaster General certain proposals for effecting economies, and realize that probably all of the suggestions made will provoke some complaints from one source or another. Nevertheless, the financial condition of the United States Treasury is such that every step possible must be taken to save money. The committee believes that sizable savings could be made by a reduction of the number of deliveries per day to many areas, particularly on those routes serving residential areas exclusively. Residential areas receive from one to three deliveries a day; rural patrons receive one delivery a day. The committee urges the Postmaster General to provide for the rearrangement of city delivery service so as to reduce the number of deliveries wherever possible."

The reduction in the amount requested for the Post Office Department totaled about \$70 million. The bureau of the Budget had reduced the amount requested by \$42 million and the Congress reduced it another \$28 million. Included in the appropriation bill was a proviso to the effect that any official who obligated the expenditure of more money than had been appropriated in the bill may be removed and may be prosecuted. This proviso merely included in the omnibus bill the antideficiency law which has been in effect many years and still is in effect which prohibits any official from creating obligations in excess of the amount appropriated.

In passing the appropriation bill for the Post Office Department not a single objection was made to the reduction in the appropriation bill or to the request of the Subcommittee on Appropriations in the House for the readjustment of the service. Before the omnibus bill passed the House, two amendments were approved by a sizable majority, one of which would have the effect of reducing the appropriations for the Post Office Department by 10 percent, or approximately \$120 million, and the other would permit the filling of only one vacancy out of every four that occurred during the fiscal year. These two amendments were eliminated in the Senate but the amount to be saved by the readjustment of the service was not restored.

There is no money included in the appropriations for the Post Office Department for the current fiscal year for the restoration of this service and in the event section

12 of S. 1046 becomes law, it would be ineffective until and unless money was appropriated for the restoration of the service.

In readjusting the service so that we could operate on the amount of money appropriated by the Congress, it was necessary that we reduce the expenditures by at least \$70 million per annum. That was accomplished through the order of April 17, 1950.

The annual savings effected through reducing deliveries from two to one in residential sections last year were approximately \$44 million. Throughout the year we continued to extend delivery service to all suburban areas of large cities which was essential or else these patrons would have had no service at all. During the year extensions of city delivery service have been made to approximately 1,200,000 new units at an annual cost of a little more than \$8 million.

It is presumed that the Congress will enact legislation to increase the salaries of postal employees, as bills for that purpose have been reported out of the Post Office and Civil Service Committees in both Houses. The cost of either one of these bills will approximate \$250 million on an annual basis. It provides salary increases for each postal employee and, therefore, in the restoration of the service it would mean that in the employment of additional personnel to accomplish this we would have to pay approximately \$400 per annum to each such employee over and above the salary received at the time the service was curtailed. Therefore, the cost of restoring this service, taking into consideration the number of increases made in extending city delivery and the increases in salaries as provided in the bills now under consideration, would run somewhere between 125 and 150 million dollars per annum.

If it be the sense of Congress that there should be restoration of the service due to the readjustments made in connection with my order of April 17, 1950, then the Congress should appropriate the money for this purpose, as under the anti-deficiency law I would be prohibited from obligating this expenditure until the money had been appropriated for that purpose.

Sincerely yours,

J. M. DONALDSON,
Postmaster General.

Revenue and apportioned expenditures, fiscal year 1950, and estimated revenue from S. 1046

	Revenue	Apportioned expenditure	Excess of expenditure over revenue	Excess of revenue over expenditure	Estimated increase in revenue under S. 1046
First-class mail:					
Postals and postcards.....	\$44, 136, 869	\$117, 790, 283	\$73, 653, 414		\$44, 136, 869
Sealed letters and sealed parcels...	741, 151, 364	660, 728, 030		\$80, 423, 334	200, 863, 848
Domestic air mail.....	74, 120, 038	109, 621, 905	35, 501, 867		16, 768, 887
Second-class mail:					
Publishers' (paid).....	41, 391, 655	220, 616, 385	179, 224, 730		1 3, 500, 000
Transient.....	2, 764, 165	3, 690, 372	926, 207		789, 000
Publishers' forwarded or returned.....	847, 735	1, 295, 518	447, 783		
Third-class mail.....	153, 745, 942	289, 618, 283	135, 872, 341		2 17, 937, 897
Fourth-class mail.....	403, 768, 375	480, 907, 362	77, 138, 987		63, 011, 000
Special services:					
Registered mail.....	26, 475, 786	38, 648, 860	12, 173, 074		10, 583, 000
Insured mail.....	22, 214, 133	21, 523, 081		691, 052	809, 000
C. o. d. mail.....	18, 958, 315	26, 568, 158	7, 609, 843		7, 461, 000
Special delivery mail.....	22, 676, 422	32, 463, 875	9, 787, 453		7, 500, 000
Total.....	1, 552, 250, 799	2, 003, 472, 112	532, 335, 699	81, 114, 386	373, 360, 501

Estimated increase in postal revenue, first year, under S. 1046.....\$373, 360, 501
 Estimated increase in postal revenue, first year, by Department action.....2, 586, 000

Estimated increase, first year, from S. 1046 and Post Office Department action.....375, 946, 501

Estimated additional increase, second year, from S. 1046:

Second-class mail.....\$3, 500, 000
 Third-class mail.....17, 249, 557

Estimated additional increase, third year, second-class mail.....3, 500, 000

Total increase in postal revenue from S. 1046 and by Department action, at the end of 3 years, based on 1950 mailings.....400, 196, 058

¹ Estimated increase in second-class mail is for first year; there would be an additional estimated increase the second year of \$3,500,000; and an additional estimated increase the third year of \$3,500,000. The reduction from \$4,139,165 (10 percent of present revenue, second-class mail) to \$3,500,000 is caused by the decrease in estimated revenue resulting from the provisos in the bill retaining present rates on mailings by certain nonprofit organizations and of publications designed for classroom or religious instruction.

² Estimated increase in third-class mail is for first year; there would be an estimated increase for the second year of an additional \$17,249,557. There is no data available to the committee on which to estimate reduction in estimates for either the first or second year by reason of the amendment to retain present rate for certain nonprofit organizations.

NOTE.—Above, estimated figures and estimates referred to elsewhere in this report, unless otherwise stated, are based on the Post Office Cost Ascertained Report for fiscal year 1950. No attempt has been made to adjust these estimates to estimated increase or decrease in volume since 1950.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, S. 1046, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE POSTAL RATE REVISION AND FEDERAL EMPLOYEES SALARY ACT OF 1948

(Public Law 900, 80th Cong., 62 Stat. pt. 1, 1260)

- (b) The rate of postage on matter of the fourth class shall be as follows:

(1) On all matter mailed at the post office from which a rural route starts, for delivery on such route, or mailed at any point on such route for delivery at any other point thereon, or at the office from which the route starts, or on any rural route starting therefrom, and on all matter mailed at a city-carrier office, or at any point within its delivery limits, for delivery by carriers from that office, or at any office for local delivery, the postage shall be [10] 15 cents for the first pound or fraction thereof, 2 cents for the second pound or fraction thereof, [1 cent] 1¼ cents for each additional pound or fraction thereof up to and including ten pounds, and three-fourths cent for each pound or fraction thereof exceeding ten pounds.

(2) For delivery within the first and second zones, except as provided for in paragraph (1), and except when the distance by the shortest regular mail route from the office of origin to the office of delivery is three hundred miles or more in which case the rates of postage shall be the same as for delivery within the third zone, [12] 17 cents for the first pound or fraction thereof, [2½] 3 cents for each additional pound or fraction thereof up to and including ten pounds, and [2] 2½ cents for each pound or fraction thereof exceeding ten pounds.

(3) For delivery within the third zone, [13] 17 cents for the first pound or fraction thereof, 4 cents for the second pound or fraction thereof, [3] 3½ cents for each additional pound or fraction thereof up to and including ten pounds, and [2½] 2½ cents for each pound or fraction thereof exceeding ten pounds.

(4) For delivery within the fourth zone, [14] 18 cents for the first pound or fraction thereof, 5 cents for the second pound or fraction thereof, 4½ cents for each additional pound or fraction thereof up to and including ten pounds, and [4¼] 3½ cents for each pound or fraction thereof exceeding ten pounds.

(5) For delivery within the fifth zone, [15] 19 cents for the first pound or fraction thereof, 7 cents for the second pound or fraction thereof, 6 cents for each additional pound or fraction thereof up to and including ten pounds, and 5½ cents for each pound or fraction thereof exceeding ten pounds.

(6) For delivery within the sixth zone, [16] 20 cents for the first pound or fraction thereof, 10 cents for the second pound or fraction thereof, 7½ cents for each additional pound or fraction thereof up to and including ten pounds, and 7¼ cents for each pound or fraction thereof exceeding ten pounds.

(7) For delivery within the seventh zone, [17] 21 cents for the first pound or fraction thereof, 11 cents for the second pound or fraction thereof, [9½] 10 cents for each additional pound or fraction thereof up to and including ten pounds, and 9¼ cents for each pound or fraction thereof exceeding ten pounds.

(8) For delivery within the eighth zone, [18] 22 cents for the first pound or fraction thereof, 12 cents for the second pound or fraction thereof, 11½ cents for each additional pound or fraction thereof up to and including ten pounds, and [11¼] 10¼ cents for each pound or fraction thereof exceeding ten pounds.

(9) On parcels measuring more than eighty-four inches but not more than one hundred inches in length and girth combined, the minimum postage charge shall be the zone charge applicable to a ten-pound parcel.

(c) Catalogs and similar printed advertising matter in bound form weighing more than eight ounces but not exceeding ten pounds shall be subject to postage rates based on the eight parcel-post zones as follows:

(1) When mailed at the post office from which a rural route starts, for delivery on such route, or mailed at any point on such route for delivery at [any other point thereon, or at] the office from which the route starts, or on any rural route starting therefrom, and when mailed at a city-carrier office, or at any point within its delivery limits, for delivery by carriers from that office, or at any office for local delivery, the postage shall be [7½] 8 cents for the first pound or fraction thereof and 1 cent for each additional pound.

(2) For delivery within the first and second zones, except as provided for in paragraph (1), and except when the distance by the shortest regular mail route from the office of origin to the office of delivery is three hundred miles or more in which case the rates of postage shall be the same as for delivery within the third zone, [8] 9 cents for the first pound or fraction thereof and 1½ cents for each additional pound or fraction thereof.

(3) For delivery within the third zone, [9] 10 cents for the first pound or fraction thereof and [2] 2½ cents for each additional pound or fraction thereof.

(4) For delivery within the fourth zone, [10] 11 cents for the first pound or fraction thereof and [2½] 3 cents for each additional pound or fraction thereof.

(5) For delivery within the fifth zone, [12] 13 cents for the first pound or fraction thereof and [3] 4 cents for each additional pound or fraction thereof.

(6) For delivery within the sixth zone, [13] 14 cents for the first pound or fraction thereof and [4] 5 cents for each additional pound or fraction thereof.

(7) For delivery within the seventh zone, [14] 15 cents for the first pound or fraction thereof and [5] 6 cents for each additional pound or fraction thereof.*

(8) For delivery within the eighth zone, [15] 16 cents for the first pound or fraction thereof and [6] 7 cents for each additional pound or fraction thereof.



